

THE EFFECTIVE DATE OF THIS RESOLUTION IS October 16, 2018

RESOLUTION NO. 18-24

**RE: Sharpe's Square Senior Housing PILOT**

A RESOLUTION to authorize Frederick County, Maryland (the "County") to enter into an agreement with Sharpe Square Pax Buckeye, LLC, a Maryland limited liability company, (the "Owner") whereby the Owner might pay a stipulated amount of money in lieu of regularly assessed property taxes in order to facilitate the development of income restricted workforce rental housing for residents of Frederick County, Maryland.

WHEREAS, it is in the best interests of the County to encourage and facilitate the development of affordable workforce rental housing for low to moderate income residents of Frederick County, Maryland; and

WHEREAS, Owner proposes to acquire certain property located at 820 Motter Avenue, Frederick, Maryland, further identified as tax parcel identification number 02-106205 (the "Property"), and to construct thereon an apartment development containing at least 86 apartment units to be rented as senior housing for low to moderate income residents of Frederick County age sixty-two or older (the "Project"); and

WHEREAS, in order to maintain affordable levels of rents and still be financially feasible, the Project, which will obtain partial financing from the Community Development Administration ("CDA") of Maryland's Department of Housing & Community Development (the "State Loan"), will require additional financial assistance in the form of relief from the full payment of otherwise due Frederick County real property taxes; and

WHEREAS, Section 7-506.1, Tax-Property Article, of the Annotated Code of Maryland allows the County and Owner to enter into an agreement for the payment of a negotiated amount in lieu of Frederick County real property taxes (a "PILOT Agreement"); and

WHEREAS, it has been Frederick County's practice to recognize by Resolution the County's willingness to accept a mutually agreeable sum of money in lieu of otherwise due Frederick County real property taxes pursuant to a PILOT Agreement for a specific property and project, in addition to the execution of the PILOT Agreement itself; and

WHEREAS, the U.S. Department of Housing and Urban Development ("HUD") and the CDA may require certain revisions to the PILOT Agreement as part of the loan approval process by these agencies.

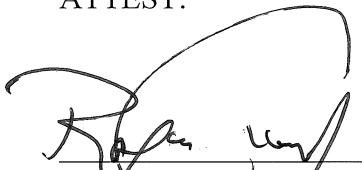
NOW THEREFORE, BE IT RESOLVED BY THE COUNTY COUNCIL OF FREDERICK COUNTY, MARYLAND, that pursuant to the authority granted the County by the Annotated

Code of Maryland, Tax-Property Article, Section 7-506.1, the County Council has determined that the Property and Project to be developed thereon shall not be subject to the otherwise due full amount of Frederick County real property taxes if Owner enters into and thereafter complies with all provisions of the PILOT Agreement, a copy of which is attached as Exhibit A, incorporated herein by reference.

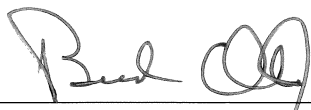
AND BE IT FURTHER RESOLVED, that the County Executive of Frederick County, Maryland is authorized and empowered to execute the PILOT Agreement attached as Exhibit A hereto (including any changes to the PILOT Agreement that may be required by HUD and CDA), and any and all documents required in connection therewith.

The undersigned certifies that this Resolution was approved and adopted on the 16th day of October, 2018.

ATTEST:

  
Ragen Cherney  
Chief of Staff

COUNTY COUNCIL  
FREDERICK COUNTY, MARYLAND

By:   
Bud Otis, President

Kam  
10/18/18

**PAYMENT IN LIEU OF TAX AGREEMENT**

**(SHARPE SQUARE)**

This Payment In Lieu Of Tax Agreement (the “PILOT Agreement”), made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 2018 (the “Agreement Date”), is by and between Sharpe Square Pax Buckeye, LLC, a Maryland limited liability company (the “Owner”), and Frederick County, Maryland, a body corporate and politic of the State of Maryland (the “County”), and The City of Frederick, a municipal corporation of the State of Maryland (the “City”).

**WITNESSETH**

WHEREAS, Owner plans to construct an 86-unit income and age-restricted rental housing project located in the City of Frederick, Maryland at 820 Motter Avenue (the “Property”); and

WHEREAS, Owner intends to use the Property to provide rental housing for individuals who are at least 62 years of age and whose income is at or below 60% of the Area Median Income as calculated and established each Fiscal Year by the Secretary of the U.S. Department of Housing and Urban Development (the “Project”); and

WHEREAS, Owner intends to thereafter preserve the Property and Project as age- and income-restricted rental housing; and

WHEREAS, Owner has received a bond inducement letter for financing from the Community Development Administration of the State of Maryland (“CDA”) and is eligible under Section 42(m) of the Internal Revenue Code of 1986 for Low Income Housing Tax Credits, has applied for construction and permanent loans, has applied to the Department

of Housing and Community Development of the State of Maryland (“DHCD”) for a Rental Housing Works loan (the “RHW Loan”), has applied to the Frederick County Deferred Loan Program for a loan, and has received a letter of intent for equity from the sale of Federal Low Income Housing Tax Credits (the “Tax Credits”), all of which Owner anticipates will be funded in the amounts requested but not all of which will necessarily be closed, completed, or funded by the Effective Date of this PILOT Agreement; and

WHEREAS, the Owner will continue to operate the Property as income restricted rental units for age-eligible persons pursuant to a regulatory agreement between the Owner and DHCD (the “Regulatory Agreement”), executed in connection with the above described financing of the Project; and

WHEREAS, the County and the City each maintain their respective codes and other legislative documents regarding real property which apply to Owner’s Property as described herein; and

WHEREAS, Owner represents that the Project will qualify in all respects with the requirements of Tax-Property Article, Section 7-506.1, and for an agreement for negotiated payments in lieu of the otherwise full amount of County and City real property taxes that would be imposed upon the Property and Project; and

WHEREAS, Owner seeks to enter into this PILOT Agreement in order to establish general stability and predictability for its real property tax exposure as Owner secures Tax Credit investors; and

WHEREAS, Owner, County, and City jointly agree to enter into a single, comprehensive PILOT Agreement; and

WHEREAS, County and City shall only enter into this PILOT Agreement and accept payment of a reduced sum of money in lieu of Frederick County and The City of Frederick real property taxes, provided that the Owner at all times conducts its operations in accordance with the requirements of this PILOT Agreement and the Tax-Property Article, Section 7-506.1.

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants, terms and agreements hereof and pursuant to the authority granted by the Annotated Code of Maryland, Tax-Property Article, Section 7-506.1, the parties agree as follows:

1. Term.

(a) This PILOT Agreement shall become effective as of the date that Owner completes the Project and obtains a certificate of occupancy for the entire Project (the “Effective Date”), which, subject to the provisions of Section 7 hereof, must occur within two years after the Agreement Date as indicated above. This PILOT Agreement shall remain effective, unless otherwise terminated pursuant to the terms herein, until the date on which the “Extended Use Period” expires under the “Low-Income Housing Tax Credit Covenant” to be recorded in the land records against the Property, as may be extended by subsequent covenants extending the period of income restrictions, or for 40 years from the Effective Date of this PILOT Agreement, as may be extended by mutual agreement of the parties, whichever occurs first (the “Term”).

(b) Subject to Section 5 below, in no event shall the Term continue beyond such time that (i) unless otherwise excused herein, any of the housing units in the Project

are not used for housing of age-and income-restricted persons; (ii) the Property and Project cease to be owned and used for provision of rental housing and related service facilities (including parking facilities) pursuant to the Regulatory Agreement; (iii) the Property and Project fail to comply in all respects with Section 7-506.1 of the Tax-Property Article of the Annotated Code of Maryland pursuant to which the County and the City are authorized to enter into an agreement for the payment of a negotiated sum in lieu of taxes; or (iv) the Property and Project fail to comply with each and every obligation under this PILOT Agreement.

(c) Additionally, the Term may not extend beyond the effective date of a repeal or amendment of the applicable enabling tax and PILOT provisions of the Annotated Code of Maryland unless such legislation provides a grandfather provision for those PILOT Agreements already in existence prior to the effective date of the repeal or amendment.

2. Payment In Lieu of Taxes.

(a) Beginning with the County's first full fiscal year after the Effective Date of this PILOT Agreement and for each fiscal year thereafter during the Term of this PILOT Agreement, the County shall credit Thirty-One Thousand, Two Hundred Dollars (\$31,200) (the "County PILOT Credit") to the real property taxes due for the Property. Prior to the first full fiscal year after this PILOT Agreement becomes effective the Owner shall pay the County the normal taxes that are imposed on the Property without any portion of the PILOT Credit.

(b) Beginning with the City's first full fiscal year after the Effective Date of this PILOT Agreement and for each fiscal year thereafter during the Term of this

PILOT Agreement, the City shall credit Twenty-Four Thousand, Two Hundred and Thirteen Dollars (\$24,213) (the “City PILOT Credit”) to the real property taxes due for the Property. Prior to the first full fiscal year after this PILOT Agreement becomes effective the Owner shall pay the City the normal taxes that are imposed on the Property without any portion of the PILOT Credit.

(c) Nothing in this PILOT Agreement shall be construed to apply to any other City or County taxes and charges, including but not limited to applicable fire and rescue tax, sewer and water charges, system benefit charges, and building excise tax that Owner is or may in the future be required to pay to the City or the County. The PILOT Credit provided for herein shall not apply to the non-residential portion of the Project, and shall not affect any other applicable municipal or state tax or charge of any kind unrelated to real property taxes, for which the Owner shall continue to be responsible.

3. Taxes Upon Expiration or Termination. Upon expiration or termination of this PILOT Agreement for any reason, full County and City real property taxes shall be paid from the point of expiration or termination forward, based on the assessed value of the Property and the applicable real property tax rates in effect at such time.

4. Requirements For Continued PILOT. The continued right of the Owner to enjoy the benefits of this PILOT Agreement and to make property tax payments in accordance with Paragraph 2 above is conditioned upon compliance at all times during the Term of this PILOT Agreement with the following conditions. The failure to comply with any of these conditions shall cause an immediate termination of this PILOT Agreement without further notice being required to be given to Owner:

(a) The Owner must comply in all respects with the applicable provisions of the Tax-Property Article and other provisions of the Annotated Code of Maryland, with the Frederick County Code, with The City of Frederick Code, and with their respective rules and regulations, as they relate to the Property;

(b) The Owner shall not transfer, sell, or exchange the Property if that transfer, sale, or exchange would change the Property's use as income- and age-restricted rental housing as permitted by the Regulatory Agreement;

(c) In the event of an anticipated refinancing, transfer, sale, or exchange of the Property that will not change the Property's use as age and income restricted rental housing, the Owner shall provide at least ninety (90) days' prior written notice to the City and the County. The Owner's notice of refinancing, transfer, sale, or exchange of the Property must include documentation that proves, to the County and the City's satisfaction, the need for the Project to continue to receive the annual PILOT Credit.

(i) If the County or the City determines that the Project does not have a continued need for the annual PILOT Credit, then the County or the City shall notify the Owner in writing of this determination and this PILOT Agreement shall be terminated as of the date of the written notice.

(ii) If the County and the City determines that the Project has a continuing need for the annual PILOT Credit, then the County and the City will provide written notice of their consent to or disapproval of the refinancing, transfer, sale, or exchange of the Property. The County and City's consent may be withheld in their sole discretion in the event the refinancing, transfer, sale or exchange is to an unaffiliated third-



party. If the refinancing, transfer, sale, or exchange of the Property is to a party affiliated with the Owner, the County and City's consent shall not be unreasonably withheld, conditioned or delayed.

(d) The Owner shall provide, on an annual basis, and otherwise upon request, to the County's and the City's chief financial officers (each a "Finance Director") an annual financial report audited by an independent Certified Public Accountant in accordance with Generally Accepted Accounting Principles. Furthermore, a Finance Director shall have the ability upon reasonable notice to the Owner, to examine the Owner's and Project's books and records. Such books and records must be sufficient to verify that the units have been rented exclusively to age- and income-qualified persons. The Owner shall submit the audit to the County and the City within ninety (90) days after December 31 of the year in which the Owner receives a certificate of occupancy for the entire Project, and within 90 days of each subsequent December 31 thereafter;

(e) The Owner shall certify in writing to the respective Finance Directors, on an annual basis or otherwise upon request of a Finance Director, the continued compliance with the terms and conditions of this PILOT Agreement, with the applicable provisions of the Tax-Property Article and other sections of the Annotated Code of Maryland, with the Frederick County Code, with The City of Frederick Code, and with their respective rules and regulations;

(f) The Owner shall provide written certification of the continuing need for the Project to receive the annual PILOT Credit to the Finance Director, within 30 days after

the 15<sup>th</sup> anniversary of the Effective Date of this PILOT Agreement, and on an annual basis thereafter.

(g) PILOT payments as required hereunder and payment of all other taxes and charges (including interest) applicable to the Property must be timely paid. Interest on overdue payments, in the same amount as charged to other delinquent County and City taxpayers, shall be added to the amount due and collected by the County and the City in the same manner as real property taxes are collected.

(h) For purposes of this PILOT Agreement, after the 15<sup>th</sup> anniversary of the Effective Date there shall be deemed to be a continuing need for the Project to receive the annual PILOT Credit if the Coverage Ratio for the Project for each year for three (3) consecutive calendar years ending on December 31<sup>st</sup> of the year containing the 15<sup>th</sup> anniversary, or any year thereafter is less than 1.15 to 1. The Coverage Ratio for a calendar year shall be determined by dividing the Net Operating Income (as defined below) for all of such calendar year by the sum of (i) all debt service payments required to be made during such year, exclusive of any debt service payments payable solely from Surplus Cash (as defined below) and (ii) the sum of the County PILOT Credit and the City PILOT Credit.

For purposes of this Paragraph 4(h):

“Surplus Cash” shall mean Total Cash less Total Current Obligations determined as of the last day of Owner’s most recently completed fiscal year.

“Total Cash” shall mean all of Owner’s cash held in connection with the Project, including but not limited to, all funds of Owner deposited in bank accounts, all tenant security deposits, and payments from tenant subsidy vouchers which are due but not

yet received. Notwithstanding the foregoing, Total Cash does not include funds held in reserve accounts and tax and insurance escrows required by the Project loan documents,. In addition, Total Cash does not include funds held in the "Construction Cash" account in connection with the Project to the extent that such Construction Cash account is funded with (i) construction loan proceeds; (ii) syndication proceeds or other sums contributed to the Project by Owner's non-managing members and (iii) interest accruing thereon, and only to the extent that such funds are required for the payment of costs identified in the Project budget approved by CDA.

"Total Current Obligations" means the following obligations of the Owner arising from the Project:

(a) Accrued interest due and payable and any due or delinquent principal payments on any note that is secured by a mortgage or deed of trust creating a lien on the Property, provided such payment obligations shall not be contingent on available cash, but shall be mandatory regardless of available cash.

(b) Delinquent or due deposits to reserve accounts and tax and insurance escrows, required by any mortgage or deed of trust creating a lien on the Property.

(c) Accounts payable (due within 30 days), as approved in writing by CDA.

(d) Loans and notes payable (due within 30 days) as approved in writing by CDA.

- (e) Deficient escrow deposits for taxes or insurance premiums.
- (f) Any payments in lieu of taxes required under this Agreement.
- (g) Accrued expenses that are not escrowed, and which were approved in writing by CDA.
- (h) Prepaid rents.
- (i) Tenant security deposits liability.
- (j) Investor Services fees up to \$3,000 per annum.
- (k) Other obligations approved in writing by CDA.

“Net Operating Income” shall mean for any calendar year, the excess of Effective Gross Income (as defined below) from normal operations for such year over all operating cash requirements of the Project properly allocable to such year (not including distributions or payments to Owner or its affiliates out of Surplus Cash, debt service requirements and the County PILOT Credit and the City PILOT Credit, but including reserve requirements imposed by Project Lenders (including, without limitation, the required funding of any replacement reserve, but excluding deposits to reserves that are funded only from Surplus Cash or other funding sources). For purposes of the foregoing, the payment of fees to the Project manager shall be treated as requiring payment in full on a current basis and not as a payment out of Surplus Cash.

“Effective Gross Income” shall mean for any calendar year, all rental and other incidental income received (on a cash basis) by the Owner, including, without

limitation, rental income from the both the residential and retail space included in the Project, any rent subsidies, to the extent available, forfeited deposits, rental loss insurance proceeds, application fees, late payments and proceeds from laundry facilities and vending machines.

(i) If at any time after the 15<sup>th</sup> anniversary of the Effective Date based on paragraph 4(h) above the Project does not have a continued need for the annual PILOT Credit, then the County and/or the City shall notify the Owner in writing of this determination and this PILOT Agreement shall be terminated as of the date of the written notice. In such event, then either or both entities will bill the Owner for the full amount of taxes due for that year.

(j) Notwithstanding anything contained herein to the contrary, for each year after the payment in full of the Deferred Developer Fee (as defined below”) to Owner, as evidenced by the annual audit delivered to the Finance Director pursuant to Section 4(d) above, within thirty (30) days’ of the delivery of such audit, Owner shall be required to repay to the City and County, on a pro rata basis, that portion, or all of the City PILOT Credit and County PILOT Credit credited to Owner for the preceding year, equal to the lesser of (i) the amount of the City Pilot Credit and County PILOT Credit for the preceding year or (ii) the excess of the sum of the amount of Surplus Cash allocable to CDA to repay the RHW Loan and the amount of Surplus Cash allocable to Frederick County to repay the DLP Loan over the amount required to be paid to CDA and Frederick County in repayment of such loans.

For purposes of this Paragraph 4(j) “Deferred Developer Fee” shall mean the amount shown as Deferred Developer Fee in the final cost certification prepared by Owner's accountants of the costs incurred in connection with the construction of the Project, as submitted to and approved by CDA, copies of which shall be provided to the City and the County.

5. Tax Implications for Noncompliance.

(a) If any portion of the Property or Project is determined to have been taken out of service and is not available for income- and age-qualified persons during the Term of this PILOT Agreement, by virtue of sale, refinancing, or other action of the Owner including, but not limited to, renting a unit to someone who at the start of that resident's occupancy is not a qualified person, then it shall be as though there had never been a PILOT Agreement on the unit(s) removed from the income- and age-restricted rental housing. At such time as Owner becomes aware that a unit is taken out of service as described above, the Owner shall have 180 days from that date to remedy the noncompliance. If the Owner fails to return the unit to compliance within the period of time required hereunder, then all County and City real property taxes that would have been imposed from the initial Effective Date of the PILOT Agreement for the unit, less any already paid PILOT for the out of service unit, will be immediately due and payable to the County and the City.

(b) If, at any time an otherwise qualified occupant's income increases above the limits established to qualify for the income-restricted housing, the PILOT Agreement terms shall remain in effect unless the Owner fails to comply with applicable laws, rules or regulations including but not limited to Internal Revenue Code Section 42(g)(2)(D).

(c) An unoccupied or empty unit is deemed a unit that is in compliance, and is therefore not subject to the tax implications of this section, which apply only to those units which are taken out of service as housing available for income- and age-restricted housing.

6. Residential Use. The Owner shall not in any manner or to any extent transfer or exchange the Property in a way that would change its use as a residential rental project for income- and age-qualified persons without risking immediate termination of this PILOT Agreement. In the event, however, the Owner wishes to transfer or exchange the Property at any time during the Term of this PILOT Agreement, and the transferee expresses the desire to maintain the Property as a residential rental project for income- and age-qualified persons and in the PILOT Program, the Owner must notify the County and the City as described in Paragraph 4(c) herein. The County and the City acknowledge that approximately 9,687 square feet of the Project will be used for commercial purposes and that the provisions of this Section 6 do not apply to that portion of the Project.

7. Completion of Project. The Owner anticipates that the Project will be complete, as evidenced by the issuance of certificates of occupancy for the entire Project, no later than twenty-four (24) months from the Agreement Date. If the Project is not complete within this time period, the Owner will have ninety (90) days to complete the Project or to commence and diligently pursue completion of the Project if the Project cannot reasonably be completed within the ninety (90) day period. If the Owner fails to complete the Project as required under this Section, then the County/City shall have the

right to declare this PILOT Agreement null and void by providing written notice to the Owner.

8. Referenced Documents. Any document, or amendments thereto, referenced in this PILOT Agreement shall be provided, with appropriate recording references, by the Owner when executed and shall be attached to this PILOT Agreement by an addendum identifying such documents for the purpose of this PILOT Agreement.

9. Amendment. This PILOT Agreement may not be amended, altered or modified except by a written amendment executed by all parties.

10. Governing Law and Dispute Resolution. This PILOT Agreement and the rights and obligations of the parties hereto and any claims or disputes thereto shall be governed by and construed in accordance with the laws of the State of Maryland. The exclusive venue for litigation shall be Frederick County, Maryland. If parties are not able to resolve disputes directly with each other, the parties may, prior to litigation, attempt to resolve any disputes that arise out of this PILOT Agreement through mediation before a mutually acceptable mediator.

11. Right of First Refusal

(a) The Owner hereby grants to the County and the City a Right of First Refusal to purchase the Property during the Term and any extensions of this PILOT Agreement. If the Owner desires to sell the Property (subject to the terms of this PILOT Agreement), and receives a bona fide offer to purchase, the Owner shall give the County and the City at least ninety (90) days' prior written notice of its intention to sell the Property. The Owner's



notice shall state the terms and conditions proposed to, and accepted by, an interested third party.

(b) The County and the City will have fifteen (15) business days after receipt of Owner's written notice in which to exercise or not exercise the Right of First Refusal. If the County and the City fails to provide written notice of its intent to exercise this Right of First Refusal within the fifteen (15) business day period, then the County and the City will be deemed to have refused the Right of First Refusal. If the County or the City elects to exercise the option, it shall do so in writing during the fifteen (15) business day period, and the Owner and County and City shall enter into an agreement of sale for the Property on the same terms and conditions as included in the Owner's notice. Any such sale shall be subject to approval of any mortgagees if applicable, including HUD under their Transfer of Physical Assets (TPA) procedures.

12. Agreement to Run With Land. The parties acknowledge and agree that this PILOT Agreement shall be appurtenant to and shall run with the Property.

13. Other Taxes and Fees. Nothing herein shall be deemed or construed to be a reduction or waiver by the County or the City of any tax or fee of any kind whatsoever, including but not limited to any development impact fee, building excise tax, recordation tax, fire or rescue tax, or income tax except as provided for above in Paragraph 2.

14. Assignment of PILOT Agreement. This PILOT Agreement may not be assigned or transferred, in whole or in part, in any manner without the prior written consent of the County and the City, which consent may be withheld in the sole discretion of the City and the County in the event the assignment or transfer is to an unaffiliated third-party.

If this PILOT Agreement is assigned or transferred, in whole or part, to an entity that is affiliated with the Owner, then consent shall not be unreasonably withheld, conditioned or delayed.

15. Counterparts. This PILOT Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

16. County and City PILOT Policies. The County's PILOT Policy in effect as of the date of this PILOT Agreement and attached hereto as Exhibit A, is incorporated by reference and made a part of this PILOT Agreement with Owner responsible for all obligations thereunder. Further, the City's PILOT Policy in effect as of the date of this PILOT Agreement and attached hereto as Exhibit B, is incorporated by reference and made a part of this PILOT Agreement with Owner responsible for all obligations thereunder.

17. Notices. All notices shall be in writing and either hand delivered or sent by United States certified or registered mail, postage prepaid, return receipt requested. Notices shall be given to the parties as follows:

|                            |   |
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| If to the County, then to: | Frederick County, Maryland<br>ATTN: Director – Dept. of Housing & Community<br>Development<br>5340 Spectrum Drive, Suite A<br>Frederick, Maryland 21703 |
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| Copy to: | Frederick County Attorney<br>Winchester Hall<br>12 East Church Street<br>Frederick, Maryland 21701 |
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| If to the City, then to: | Frederick City Hall |
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ATTN: City Attorney  
101 North Court Street  
Frederick, Maryland 21701

Copy to: Municipal Office Annex  
ATTN: Deputy Director of Planning  
140 West Patrick Street  
Frederick, Maryland 21701

If to the Owner, then to: Sharpe Square Pax Buckeye, LLC  
c/o Pax Edwards, LLC  
141 N. Main Street, Suite K  
Belair, Maryland 21014  
Attn: Jeff Paxson

Copy to: Sharpe Square LLLP  
125 S. Carroll Street, Suite 150  
Frederick, Maryland 21701  
Attn: Jeff Lessans

Copy to: Rosen Hoover P.A.  
100 N. Charles Street, Suite 1010  
Baltimore, Maryland 21201  
Attn: Daniel E. Sykes

Any party may modify the address to which notice to it shall be sent, by delivery of notice to the other parties in accordance with the foregoing. Each notice that is sent in accordance with the foregoing shall be presumed to have been received on the business day it is personally delivered or three (3) business days after the date of mailing, as applicable.

18. Entire Agreement; Recitals; Headings. This PILOT Agreement contains the entire agreement of the parties with respect to the matters herein set forth. All other agreements and understandings of the parties relating to the subject matter of this PILOT

Agreement, written or oral, if any, are merged into this PILOT Agreement. The recitals set forth at the beginning of this PILOT Agreement shall be deemed to be a part of this PILOT Agreement. The headings set forth at the beginning of each section or subsection of this PILOT Agreement are for convenience of reference only and do not have any independent legal significance.

IN WITNESS WHEREOF, Pax-Edwards, LLC, a Maryland limited liability company, Buckeye Developent, LLC, a Maryland limited liability company, Frederick County, Maryland, a body corporate and politic of the State of Maryland, and The City of Frederick, a municipal corporation of the State of Maryland have caused this PILOT Agreement to be signed by duly authorized individuals, as duly attested, as of the day and year first hereinabove written.

WITNESS:

SHARPE SQUARE PAX BUCKEYE,  
a Maryland limited liability company

By: Sharpe Square Development, LLC,  
a Maryland limited liability company,  
its Managing Member

By: Pax Edwards, LLC,  
a Delaware limited liability company,  
its Managing Member

By: \_\_\_\_\_

By: \_\_\_\_\_ (SEAL)  
Name: Jeffrey Paxson

WITNESS:

BUCKEYE DEVELOPMENT, LLC, a  
Maryland limited liability company

By: \_\_\_\_\_

By: \_\_\_\_\_

WITNESS:

FREDERICK COUNTY, MARYLAND

By: \_\_\_\_\_

By: \_\_\_\_\_  
Jan H. Gardner, County Executive

WITNESS:

THE CITY OF FREDERICK

By: \_\_\_\_\_

By: \_\_\_\_\_  
Michael O'Connor, Mayor